



MINUTES

**CITY OF SCOTTSDALE FIRE LOCAL BOARD OF THE
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM (PSPRS)
REGULAR MEETING
10:00 a.m., Thursday, September 20, 2012
Police and Fire Department Headquarters—Operations Room
8401 E. Indian School Road
Scottsdale, Arizona 85251**

PRESENT: Jack Cross, Chairman/Mayoral Designee
Jeffrey Burg, Citizen Member
Todd Caverner, Elected Member
Velicia McMillan Humes, Citizen Member/Merit Head (arrived at 10:11 a.m.)
Steve Springborn, Elected Member

STAFF: Colleen Barraza
Ken Nemec

OTHERS: Mike Anthony, Esq.
Hannah Auckland, Esq.
Firefighter Christopher Burrows
Firefighter Ryan Freeburg
Firefighter Sasha Weller

Call to order

Chairman Cross called the meeting to order at 10:07 a.m. He stated that the first order of business was the acknowledgement of Board Member McMillan Humes' expected late arrival.

Roll call

A formal roll call confirmed the members present as stated above.

Possible Executive Session:

Executive Session may occur at any time during this meeting.

1. Review and approval of meeting minutes—August 16, 2012

BOARD MEMBER SPRINGBORN MOVED TO APPROVE THE REGULAR MEETING MINUTES OF THE AUGUST 16, 2012 PSPRS FIRE LOCAL BOARD MEETING AS PRESENTED. BOARD MEMBER CAVNER SECONDED THE MOTION, WHICH CARRIED BY A VOTE OF FOUR (4) TO ZERO (0). BOARD MEMBER MCMILLAN HUMES ARRIVED LATER.

2. Further discussion of the effective dates of accidental disability retirements and survivor benefit payments

Mr. Nemec recalled that over the past couple of the months the Board has discussed cases where the effective dates of disability and accidental disability pensions were not consistent with the applicant's last day of employment.

He explained that in response to the Board's August 16, 2012 request that staff provide a list of prior disability retirements, Public Safety had sent a chart listing prior disability and accidental disability cases occurring from 2005 through 2012 for the Board's review.

Mr. Nemec summarized that the inconsistent pension effective dates of Firefighter Dart Craytor and Police Officers Edward Haines, Jr. and Joseph Geremia, III had been corrected, noting that retroactive pension payments would be forthcoming.

In response to Board Member Springborn's inquiry regarding whether the retirement date for Firefighter Craytor was changed to April 1, 2012 or June 1, 2012, Mr. Nemec responded that April 1, 2012 was the corrected retirement date.

Chairman Cross expressed his surprise that Public Safety did not catch this error when it occurred. He pointed out that the statutes states that the effective date of retirement should be the first day of the month following the last day of work.

Chairman Cross expressed the Board's appreciation that staff had researched and corrected these errors in the retirement process.

3. Discussion and Vote on the Accidental Disability Retirement Application of Firefighter Christopher Burrows

Mr. Nemec reported that the paperwork was in order for the accidental disability retirement of Firefighter Christopher Burrows. All of the associated material was available for the Board to review and decide whether there was sufficient evidence of an accidental disability in order to determine whether to send him for an IME.

Board Member Springborn remarked that the Applicant had not waived his confidentiality rights, therefore any discussion of medical information should occur during executive session.

Chairman Cross explained that the Board does receive confidential information containing social security numbers, dates of birth, and doctors' names which are not part of the public record unless the applicant agrees to sign a release of such information.

He pointed out that the "nature and cause of disability" section of the application was blank.

Chairman Cross recommended that Firefighter Burrows attend the beginning of executive session in order to explain to the Board why he filed the accidental disability retirement application.

He stated that the applicant must fill out this blank section of the application and initial it at a later date in order to eliminate the possibility of it being rejected by the Board of Trustees.

CLOSED PUBLIC HEARING

Motion to recess into executive session for discussion of the Accidental Disability Retirement Application of Firefighter Christopher Burrows

BOARD MEMBER BURG MOVED TO RECESS INTO EXECUTIVE SESSION FOR DISCUSSION OF THE ACCIDENTAL DISABILITY RETIREMENT APPLICATION OF FIREFIGHTER CHRISTOPHER BURROWS. BOARD MEMBER MCMILLAN HUMES SECONDED THE MOTION, WHICH CARRIED BY A VOTE OF FIVE (5) TO ZERO (0).

RECONVENE PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM MEETING FOLLOWING EXECUTIVE SESSION

Chairman Cross noted that the Board had reviewed the application and supporting medical documentation at the beginning of the meeting.

BOARD MEMBER SPRINGBORN MOVED TO APPROVE THE ISSUANCE OF AN INDEPENDENT MEDICAL EXAMINATION FOR THE APPOINTMENT OF A MEDICAL SPECIALIST TO SERVE AS THE MEDICAL BOARD FOR THE APPLICATION OF FIREFIGHTER CHRISTOPHER BURROWS UTILIZING THE MCN MEDICAL CONSULTANTS NETWORK. BOARD MEMBER BURG SECONDED THE MOTION, WHICH CARRIED BY A VOTE OF FIVE (5) TO ZERO (0).

Chairman Cross informed the Applicant that staff would supply him with the name of the selected physician and date of the IME once it has been scheduled. Mr. Nemec reminded the Applicant to complete the application as discussed earlier in the meeting.

Board Member Springborn requested that only the Board's staff may be in contact with MCN Medical Consultants Network. He also requested that all medical documentation remain confidential since the Applicant did not waive his confidentiality rights.

4. Report to the Board on recently completed transfers of prior service credits, if any

Chairman Cross reported that there were no recently completed transfers of prior service credits to be discussed.

Mr. Nemec suggested that the Board review the September 18, 2012 email and attachment wherein Ms. Washington stated that the Arizona Public Safety Personnel Retirement System had submitted a screenshot of the Actuarial Present Value Calculation they used to calculate Firefighter Michael Thompson's service transfer.

Chairman Cross elaborated that once he review the calculations he went online and used the PSPRS's service purchase calculations and came up with a much higher figure for the transfer amount.

He suggested that Board Members Springborn and Cavner inquire why firefighters are charged twice as much during the purchase of time when compared to the cost of monies transferred from one employer to another.

Chairman Cross stated that the unfunded liability of an employer goes up when an employee with one and a half years of service transfers. He stated that although there are actuarial differences such as turnover rates and disability rates, there should not be such a large difference as Board Member Springborn found. Chairman Cross confirmed that the PSPRS used Firefighter Thompson's City of Scottsdale salary in the calculation.

Board Member Springborn stated that this discrepancy must be clarified as soon as possible in order to ensure that all transfers are being calculated correctly, since the City of Scottsdale recently hired someone from another department, noting that they were also currently considering hiring two other laterals.

Discussion ensued regarding the value of a transferred employee's pension being the responsibility of the city the transferred service was served to. Chairman Cross stated that it was not fair to charge additional costs for the transfer of an employee's previous credited service.

Mr. Anthony explained that Title 38, Section 38-853 states that when transferring credited service "the new employer's account shall be credited with the member's accumulated contributions plus the amount, if any, necessary to equal the increase in the actuarial present value of projected benefits."

Board Member Springborn summarized that the current value of Firefighter Thompson's prior service of 1.4480 years must be recalculated using his current salary of \$43,056, noting that Lake Havasu City's retirement system must pay to the City of Scottsdale the balance of his retirement funds after the credited service value and the member's contributions are deducted.

Chairman Cross identified that in line G of the calculations the PSPRS decided that since the plan was only 53.9% funded they would only send 53.9% of the retirement monies. He stated that the statute does not say "adjusted for the percent funded," arguing that although Lake Havasu City does not have sufficient funds in the account today the City of Scottsdale should not be penalized.

Chairman Cross opined that the City of Scottsdale could decide to sue for the remainder of the \$6,000 for Firefighter Thompson, especially if he ends up with many years of service.

Discussion ensued regarding whether this calculation method has been used on all transfers of prior service credits. Board Member Springborn recalled that in 2005 the Fire Department brought over some very senior members from other departments into the City of Scottsdale.

Chairman Cross requested that staff obtain the Actuarial Present Value Calculation document for all of the firefighter and police officer employees that had prior service credits transferred from other cities so the Board can research whether line G has been part of the calculation all along or whether it was something just recently added to the process.

Board Member Springborn suggested that the Board's legal counsel generate a white paper containing supporting case law to assist the Board and bring this issue forward to the Board of Trustees.

Ms. Auckland opined that they should compare the language of the redemption of prior service statute to the statutes used when this transfer was calculated. Chairman Cross stated that the Board would like to know if and when the policy was changed.

Mr. Anthony agreed to prepare a memo on the matter. He explained that under the amended Section 38-853.01 relating to redemption of prior service, the subsection (B) description of what must be calculated appears to be significantly different than the subsection (B) calculation paragraph of Section 38-853.

Board Member Burg pointed out that the funding ratio for Lake Havasu City on June 30, 2011 was 60.1. Chairman Cross stated that they also need to clarify where the 53.9% funded percent used in the calculations came from.

5. Board suggestions for upcoming agenda items

Chairman Cross confirmed that there were no suggestions for upcoming agenda items.

ADJOURNMENT:

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 10:54 a.m.

Respectfully Submitted by:

REVIEWED BY:

Ken Nemec
PSPRS Fire Local Board Secretary

Jack Cross
PSPRS Chairman/Mayoral Designee